

# Managed Yield Private Portfolio



Q4 2022

## Management Philosophy

The Managed Yield Private Portfolio aims to provide investors with stable, tax efficient returns. It focuses on dividend paying securities. The objective of the fund is to provide long term returns in-line with a 'growth' benchmark while maintaining a reduced level of volatility. This portfolio will:

- › Focus on value oriented Canadian & global equities
- › Diversify using exchange traded & closed end funds
- › Aim to capitalize on inefficiencies within the closed end market
- › Target tax efficient income generation
- › Only hold exchange listed securities

## Top Holdings (52.5% of total portfolio)

Symbol	Description	Portfolio Weight	Income Yield
MSFT	MICROSOFT CORP	6.7%	1.1%
PMIF	PIMCO MONTHLY INCOME ETF	6.4%	4.8%
EIF.DB.J	EXCHANGE INCOME CV RD 5.35% 30JN25	5.6%	4.9%
RY	ROYAL BANK OF CANADA	5.2%	4.0%
ENB	ENBRIDGE INC	5.2%	6.5%
NPRF	NBI ACTIVE CANADIAN PREF ETF	5.0%	4.9%
ZCM	BMO MID CORPORATE BOND INDEX ETF	4.8%	3.8%
HR.UN	H&R REIT	4.7%	4.5%
MUB	MACKENZIE UNCONSTRAINED BOND ETF	4.6%	5.8%
BCE	BCE INC	4.6%	6.2%

## Portfolio Performance

	3 Months	6 Months	1 Year	3 Year	5 Year	Since Inception
Performance*	3.3%	0.4%	-5.0%	4.8%	4.8%	8.3%
Benchmark	5.1%	4.9%	-7.5%	4.2%	5.3%	7.2%

## Portfolio Information

Inception	April 1, 2012
Portfolio Income Yield	4.1%
Distributions Made	\$8,850
Initial Investment	\$40,000
Quarter End Valuation	\$78,471
Portfolio Manager	John (Jay) D. Nash, BA, CIM®, FCSI®

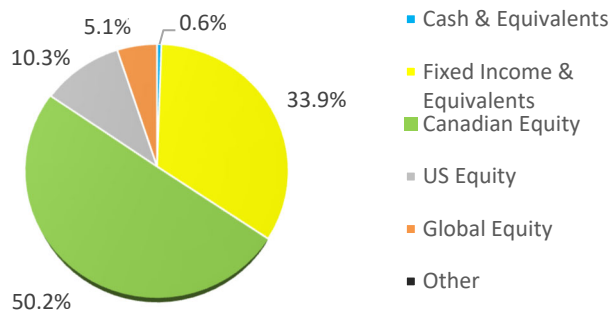
**Composition of the benchmark: NBFWM Growth Benchmark** is composed of 5% 91-Day Government of Canada T-Bills; 30% FTSE TMX Canada Universe, 22% S&P/TSX TR, 22%; S&P 500 \$CAD TR Index; 11% MSCI EAFE TR Index; & 10% Alternative (made up of hedge funds, global infrastructure and gold)

- All reported data presented includes the cash balance set aside and available for investment in securities within the private portfolio. NBF statements exclude cash amounts from listed holdings in the section dedicated to the private portfolio.

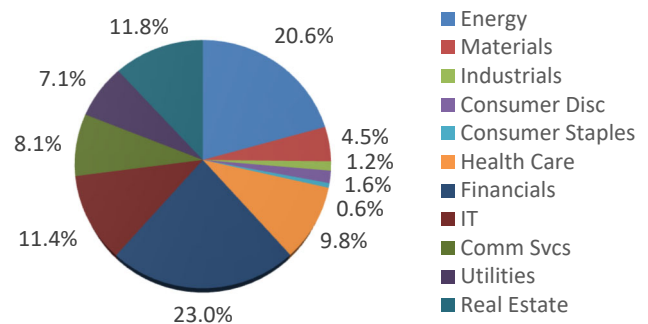
\*Returns presented are before management fees; Figures beyond 1 year are annualized.

## Leading Families to Their Wealth Goals

### Asset Allocation



### Industry Weightings



## Management Commentary

Fixed income, as reflected by the Canadian Bond Universe Index, suffered its worst return in over 40 years during 2022. While many entered the year with the feeling that interest rates would rise, few would have imagined that the central banks would launch into their fastest rate hike in history. In Canada, this meant seven consecutive increases and an overnight rate rising from 0.25% to 4.25%.

The Managed Yield Private Portfolio experienced its second negative calendar year since its launch in 2011. Outperformance isn't as satisfying when the total return is negative, but we are proud of what was accomplished. At year end, the portfolio positioning is overweighted toward Canadian equity and has an increased exposure to fixed income. It has been many years since yields were this attractive, and it should provide higher returns going forward.

**Microsoft (MSFT)** remains the largest position in the portfolio. 2022 was not kind to technology stocks. Microsoft was the best of the FAANG stocks, and the decline in trading price provided the first opportunity to add to the holding in many years. We continue to be attracted by its dominant market position and huge free cash flows. **Algonquin Power (AQN)** was a weak spot on the quarter as their earnings came in below expectations. At year end, the name appeared to be oversold, and management is preparing to provide an update. Pending the details provided, it is likely this name will be replaced in 2023.

## Transactions

Added	Increased	Decreased	Removed
BMO Mid Corporate Bond ETF (ZCM)	Microsoft (MSFT)	Slate Grocery REIT (SGR.UN)	Medical Facilities (DR)
Northland Power (NPI)	NBI Active Canadian Preferred Shares ETF (NPRF)		CI Investment Grade Bond ETF (FIG)
	Algonquin Power & Utilities Corp (AQN)		Brompton Flaherty & Crumrine IG Preferred ETF (BPRF)



I have prepared this commentary to give you my thoughts on various financial aspects and considerations. This commentary reflects my opinion alone, and may not reflect the views of National Bank Financial Group. In expressing these opinions, I bring my best judgement and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by the Research Department of National Bank Financial. > National Bank Financial – Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under licence by NBF. NBF is a member of the Investment Industry Regulatory Organization of Canada (IIROC) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). > National Bank Financial may act as financial advisor, fiscal agent or underwriter for certain companies mentioned herein and may receive remuneration for its services. National Bank Financial and/or its officers, directors, representatives or associates may have a position in the securities mentioned herein and may make purchases and/or sales of these securities from time to time on the open market or otherwise. The particulars contained herein were obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. Unit values and returns will fluctuate and past performance is not necessarily indicative of future performance.